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Final Fiscal Note

Drafting Number: LLS 22-0533 Date: August 17, 2022
Prime Sponsors: Rep. Lontine Bill Status: Signed into Law
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Bill Topic: HOSPICE INPATIENT UNIT SPECIALIZED PHARMACY DRUG OUTLET

- Summary of Fiscal Impact:
[X] State Revenue [X] TABOR Refund
[X] State Expenditure [] Local Government
[] State Transfer [] Statutory Public Entity

The bill allows a pharmacy located in a hospice inpatient unit to register as a Specialized Prescription Drug Outlet. The bill increases state revenue and expenditures on an ongoing basis beginning in FY 2022-23.

Appropriation Summary: For FY 2022-23, the bill requires and includes an appropriation of \$53,611 to the Department of Regulatory Agencies.

Fiscal Note Status: The fiscal note reflects the enacted bill.

Table 1
State Fiscal Impacts Under HB 22-1246

Table with 4 columns: Category, Sub-category, Budget Year FY 2022-23, and Out Year FY 2023-24. Rows include Revenue (Cash Funds, Total Revenue), Expenditures (Cash Funds, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and Other Budget Impacts (TABOR Refund).

Summary of Legislation

Under current law, a prescription drug outlet is permitted to register as a Specialized Prescription Drug Outlet (SPDO) if it compounds, dispenses, and delivers drugs and devices, or provides pharmacist care services, to residents of a long-term care facility. The bill allows a pharmacy located in a hospice inpatient unit to register as an SPDO if it provides these same services to residents of the hospice inpatient unit. The State Board of Pharmacy may adopt rules to implement the requirements under the bill.

State Revenue

Fee impact on Specialized Prescription Drug Outlets. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. These fee amounts are estimates only, actual fees will be set administratively by the DORA based on cash fund balance, estimated program costs, and the estimated number of licenses subject to the fee. As shown in Table 2, the fiscal note assumes that 115 pharmacies will register as SPDOs under the bill, and will pay the increased initial licensing fee in FY 2022-23. There are 126 non-hospice pharmacies currently holding the SPDO license, and they will pay the increased renewal licensing fee. Because SPDO's are licensed biennially, DORA will receive subsequent fee revenue in FY 2024-25. To the extent that the revenue generated under the bill is not sufficient to cover program administration costs for both hospice SPDOs and non-hospice SPDOs, revenue generated under the State Board of Pharmacy from other license types will be used to cover the costs.

Table 2
Fee Impact on Specialized Prescription Drug Outlets

Type of Fee	Current Fee	Estimated Fee	Fee Increase	Number Affected	Total Fee Impact
Initial License	\$160	\$478	\$318	115	\$54,916
Renewal	\$201	\$600	\$399	126	\$50,261
FY 2022-23 Total					\$105,177

State Expenditures

The bill increases state expenditures in DORA by \$59,393 in FY 2022-23 and \$66,133 in FY 2023-24 from the Division of Professions and Occupations Cash Fund. Expenditures are shown in Table 3 and detailed below.

Table 3
Expenditures Under HB 22-1246

Cost Components	FY 2022-23	FY 2023-24
Department of Regulatory Agencies		
Personal Services	\$30,920	\$37,104
Vehicle Lease and Operation Costs	\$22,691	\$22,691
Centrally Appropriated Costs ¹	\$5,782	\$6,338
Total	\$59,393	\$66,133
Total FTE	0.3 FTE	0.3 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Staffing costs. Beginning in FY 2022-23, the Division of Professions and Occupations in DORA will require 0.3 FTE to conduct pharmaceutical compliance and performance audits, and investigate complaints. This fiscal note assumes that the number of SPDOs will increase by 115 under the bill, and that an annual audit will require six hours of staff time per entity. First-year costs are prorated for a September 1, 2022, start date.

Vehicle lease and operation. Vehicle lease and operation costs are included for staff at the rate of \$9,517 for the lease, to be reappropriated to the Department of Personnel and Administration, and \$13,174 for vehicle operational costs.

Rulemaking. The State Board of Pharmacy requires 50 hours of legal services for rulemaking in FY 2022-23 only, to be provided by the Department of Law, which can be accomplished within existing legal appropriations.

Centrally appropriated costs. Pursuant to Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 3.

Other Budget Impacts

TABOR refunds. The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by the amounts shown in the State Revenue section above. This estimate assumes the March 2022 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2023-24. Because TABOR refunds are paid from the General Fund, increased cash fund revenue will reduce the amount of General Fund available to spend or save.

Effective Date

The bill was signed into law by the Governor on June 8, 2022, and it took effect on August 9, 2022. It applies to pharmacies located in hospice inpatient units on and after January 1, 2023.

State Appropriations

For FY 2022-23, the bill requires and includes an appropriation of \$53,611 from the Division of Professions and Occupations Cash Fund to the Department of Regulatory Agencies and 0.3 FTE. Of this amount, \$9,517 is reappropriated to the Department of Personnel and Administration for fleet vehicle services.

State and Local Government Contacts

Information Technology

Public Health and Environment

Regulatory Agencies